

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
October 20 & 21, 2009**

The regular meeting of the Washington State Transportation Commission was called to order at 8:30 A.M., on October 20, 2009, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair Moser, Bob Distler, Dick Ford, Elmira Forner, Latisha Hill and Philip Parker

FERRY SURVEY VENDOR SELECTION

Bill Young, Project Manager, MTI Enterprises, indicated that the last survey made it clear that ridership is a very complex system and one research tool doesn't fit across the board. This study will be as complex with another element of complexity added to it. Unlike the last survey where customers completed a one-time survey, the object this time is to track their usage through on-line web surveys on a regular basis from the Commission, WSF or perhaps the Ferry Advisory Committees.

- Will select 13,500 people/panels for long-term (longitudinal) survey.
- We've met with stakeholders to get their thoughts about last survey, what questions they want answered. Once this database is created, there are other opportunities to learn.

It was moved by Commissioner Forner and seconded by Commissioner Ford to approve the panel's recommendation to retain Market Decisions Corporation to perform the 2009/2010 Ferry Survey. The motion passed unanimously.

To view this presentation please click on the link:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP1_MDCProposalReview.pdf

MINUTES APPROVAL/ADOPTION

Approval of July 14 & 15, 2009 Regular Commission Meeting Minutes and September 8, 2009 Ferry Tariff Hearing Minutes.

It was moved by Commissioner Forner and seconded by Commissioner Parker to approve the July 14 & 15, 2009 regular meeting and the September 8, 2009 Ferry Tariff Hearing minutes. The motion passed unanimously.

WASHINGTON TRANSPORTATION PLAN UPDATE

Bonnie Berk, Principal, Berk & Associates, briefed the Commission on the development of the 2011- 2030 WTP. The consultants assisting Berk & Associates with the project are Cocker Fennessy, Nelson/Nygaard, and Paul Roberts LLC.

She emphasized the 2011 WTP is an opportunity for the Commission to lead an important, statewide conversation. She recommends a new, strategic approach to the

WTP, providing a succinct roadmap for the entire state that effectively responds to rapidly shifting economic and environmental conditions.

Action/ Follow-up Items:

Following discussion and amendment to the proposed vision statement, the Commission agreed to the following vision:

Washington's transportation network connects people and communities, and fosters commerce, operating seamlessly across boundaries and modes, as an environmentally and financially sustainable system.

The Commission determined the framework for the plan will consist of the five policy goals in RCW 47.04 and Economic Vitality. The Commission also agreed that the Plan must address state and local revenue.

It was moved by Commissioner Distler and seconded by Commissioner Forner to adopt a vision statement that reads "Washington's transportation network connects people and communities, and fosters commerce operating seamlessly across boundaries and modes as an environmentally and financially sustainable system". The motion passed unanimously.

To view this presentation please click on the link:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP3%20-%20WashTransPlan.pdf

NAMING PROPOSAL TO DESIGNATE THE I-405 BRIDGE OVER NE 116TH STREET IN KIRKLAND THE "KOLLIN NIELSON MEMORIAL BRIDGE"

Kathy Kratzer, Project Manager, Kiewit Pacific Construction Company, spoke on behalf of Kollin Nielson's family. She shared that Kollin was a dedicated employee and had a great passion for his work and family. In closing she emphasized the importance of work zone safety and increasing awareness through public education. Naming the I-405 Bridge over NE 116th Street the Kollin Nielson Memorial Bridge is a reminder to the public to and an honor to his name.

To view Resolution 696 please click on the link: <http://wstc.wa.gov/Resolutions/696.pdf>

It was moved by Commissioner Ford and seconded by Commissioner Hill to adopt Resolution 696 naming the I-405 Bridge over NE 116th Street the "Kollin Nielson Memorial Bridge." The motion passed unanimously.

SEPTEMBER 2009 TRANSPORTATION REVENUE FORECAST

Lizbeth Marin-Maher, Assistant Director, Economic analysis, Budget and Financial Analysis, Strategic Planning and Finance Division, WSDOT, provided an updated revenue forecast.

- Gasoline prices are 15-25% higher than March forecast
- WSDOT is requesting \$29 million supplemental budget for ferry diesel; a 40% increase.
- MVFT collections are down \$3.1 million in current biennium; cumulative \$22.6 million decrease for 16-year period.

- Licenses, Permits and Fees are down \$7.4 million for current biennium.

Action/ Follow-up Items: None

To view this presentation please click on the links:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP5_Sept09RevForecast.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP5_TranspRevForecastCouncil.pdf

UPDATE ON PUBLIC-PRIVATE PARTNERSHIPS PROGRAM AT WSDOT

Jeff Doyle, Director, Public-Private Partnerships, WSDOT, gave an update on current projects:

- Ferry terminal joint development
- West Coast Green Highway Initiative
 - \$100 million federal grant
 - Governments assist/don't provide the technology
- Website advertising @WSDOT
- New Mobility Hubs -- Hot and Smart Park-and-Rides
- Solar Powered Highway Facilities -- to provide interchange lighting

Action/ Follow-up Items: None

To view this presentation please click on the link:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP6_TranspPartnerships.pdf

PROPOSAL TO NAME THE NEW PORT TOWNSEND/KEYSTONE FERRY "CHETZEMOKA"

David Moseley, Assistant Secretary, WSF, WSDOT and JoAnn Bussa, Trustee, Jefferson County Historical Society both spoke to and shared their support of naming the 64-car ferry, the newest addition to the ferry fleet the "Chetzemoka."

Les Prince a direct descendant of Chief Chetzemoka expressed his support in naming the ferry "Chetzemoka" honoring his great great grandfather.

To view Resolution 695 please click on the link: <http://wstc.wa.gov/Resolutions/695.pdf>

It was moved by Commissioner Ford and seconded by Commissioner Hill to adopt Resolution 695 naming the new 64-car ferry the "Chetzemoka." The motion passed unanimously.

REPORT ON SELLING THE NAMING RIGHTS TO WASHINGTON STATE FERRY VESSELS

Traci Brewer-Rogstad, Principal & Executive Director, TB-Rogstad Consulting, explained that there is little interest in buying the naming rights to a vessel. There is potentially value associated with the vessel route assignment; there is greater value in

creating packages that combine advertising space on low ridership routes with advertising space or sponsorship on high ridership routes.

Action/ Follow-up Items: *The Commission engaged in substantial discussion of the recommendations. It then adopted the following recommendations to the Legislature on ferry naming rights:*

- 1. The name given to a ferry vessel should not be sold, given the findings in this report. Future ferries should be designated using names that are of statewide significance, including those of historic figures, geographic locations, tribes or other iconic images.*
- 2. The Legislature should provide direction and support to the Washington State Ferries for a program that aggressively pursues sponsorships for new and existing vessels and terminals system-wide.*
- 3. If sponsorships or brand partnerships are pursued in the future, all revenue generated by such actions should be dedicated to WSF.*
- 4. The Legislature should consider requiring there be active collaboration between WSF, WSDOT's Transportation Innovative Partnerships Program, and the Transportation Commission to the extent that future vessel and/or terminal sponsorships and/or brand partnerships take the form of a PPP, to ensure there is independent review and public vetting of potential partnership packages with the private sector.*

It was moved by Commissioner Forner and seconded by Commissioner Moser to adopt the Business Analysis of Naming Rights/Sponsorship Opportunities for Washington State Ferries report with amended recommendations. The motion passed four “yes” and one “abstention.”

To view this presentation please click on the link:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP8_NamingRights.pdf

PUBLIC COMMENT

Paul Locke, citizen, commented that government has to spend less money. Do the job with what is available.

Ed Barnes, former Commissioner, shared that the Commission needs to stick to historic names for ferry boats. Some advertising inside the ferries is okay but don't sell the naming rights and allow the boats to become unattractive, floating billboards.

SECRETARY'S REPORT

Paula Hammond, Secretary, WSDOT, shared information on various topics that included:

- The co-chairs of the SR 520 legislative group plan to put a proposal on the table for the west end alignment.
- The Chetzemoka will be delivered by June 30, 2010. The hull will be in the water in January; this might be an opportunity for Commission tour of Todd Shipyards.
- Average price for next two 64-car ferries is \$55 million.

To view the SR 410 Nile Valley landslide presentation please click on the link:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP10_SR410NileValleyLandslide.pdf

TOLLING WORK SESSION

Craig Stone, Toll Division Director, WSDOT, provided an overview of 2009 Tolling Legislation:

- I-405 Eastside Corridor on express toll lanes;
- Columbia River Crossing;
- Replacement of Alaskan Way Viaduct;
- SR 167 Extension to Port of Tacoma;
- SR 509 Extension from SeaTac to I-5; and
- SR 520 Tolling.

Mr. Stone then reviewed the JTC Expert Review Panel Recommendations and indicated the WSDOT response.

- More fully develop business rules to accommodate infrequent traveler
- Greater focus on prepaid license plate accounts
- Consider two-phase implementation approach for early SR 520 tolling, with possibility of different long-term solution. Probably need 18 months for new vendor/system to gear up.
- Modify RFP to minimize risk of conversion from the existing service center to a statewide back office.
- Remove restrictive language that may restrict number of bidders.

Mr. Stone indicated that tolling on SR 520 could begin as early as 11/10 or as late as 6/11. He anticipates the Commission will adopt rates in July-August 2010. It is a different type of facility from TNB and SR 167, blending toll payments for construction and for traffic management. No one really knows how much diversion will occur. Early tolling on the existing bridge may require even greater emphasis on traffic management than the new bridge will require.

Commissioners noted that the use and capacity of HOV lanes on the SR 520 bridge may be different from other freeways. WSDOT has proposed transit and vanpool exemptions on SR 520. Secretary Hammond pointed out that the more transit service there is in an urban corridor, the better.

The Urban Partnership Agreement (UPA) with USDOT requires a “free flow speed” 45 mph or greater for at least 90% of peak hour travel. Transit is exempt from early tolling under the UPA.

Mr. Stone wants to explore the possibility of the Commission giving WSDOT a tolling range for some flexibility in variable toll setting. Commissioner Ford pointed out that the Commission's authority is delegated from Legislature; it is limited in its ability to delegate to WSDOT. There can't be a disaster in cross-lake traffic.

Discussions of transit, carpools and exemptions continued with Robert Arnold, Office of Transportation Management, FHWA-DC Office and Dan Mathis, FHWA. Arnold said that FHWA looks at performance pricing as the key to SR 520 UPA; revenue is secondary. They are willing to look at how HOV 3+ is enforced and if it will really work on SR 520?

He added that tolls should optimize the best mix of cars/transit. Performance pricing anticipates: shift in time, shift in mode, shift in route. FHWA doesn't want to emphasize the latter here. FHWA is not requiring that transit and HOV 3+ be exempt from tolls; only that there is a differential pricing based on occupancy.

Two new staff in Tolling Division: Jennifer Ziegler, Communications and Government Relations; David Powell (from OK, TX, and Toronto)

Mr. Stone then led a discussion on TNB Operations Expenditures and FY 2011 TNB Toll Scenarios. WSDOT reported that \$788 thousand of capital improvements remain to be done in the 2009-11 budget. Commissioners asked how we know costs are accurately distributed between TNB and SR 167?

Action/ Follow-up Items: *Of the 11 TNB Tolling Scenarios WSDOT planned to model, Commissioner Distler pointed out that two should be off the table; the Commission has previously said that so long as there is a cash option, it should cost more.*

To view this presentation please click on the links:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP11_TollingWorkSession.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP11_TNBPossibleTollRateScenarios.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP11a_TollingTimelines.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP11b_TNBTollRateSetting.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP11c_TNBFinancial.pdf

TOUGH TIMES: HOW TRANSIT AGENCIES ACROSS THE STATE ARE RESPONDING TO REVENUE LOSS

Mike Harbour, General Manager, Intercity Transit, presented information from a statewide survey conducted by the Washington State Transit Association. He emphasized that most transit funding comes from a locally imposed sales tax. State funding provides only 1% of transit agencies' budgets. Statewide (excepting King County)

- sales tax revenue was down 3% from 2007 to 2008; and
- was down an additional 13% from 2008 to 2009

How is transit addressing the revenue shortfall?

- 16 of 25 systems increased fares in 2008 or 2009
- 4 systems plan fare increases in 2010
- Most fare increases were in the 20-33% range
- Some transit agencies index fares to inflation

In addition:

- Many are deferring capital projects and purchase of new buses. That has air quality and energy impacts; also, increased operating expenses.
- Kitsap Transit is doing a second round of service cuts.
- 8 systems plan reductions in 2010 and after 2011, almost all systems will reduce service if there is no new revenue.
-

Speaking for Intercity Transit, Harbour explained that its ridership is up 50% over three years; there are no easy places to cut.

Kevin Desmond, General Manager, Metro, explained that the standard elasticity model for transit is out the window. Traditionally a 10% fare increase reduced ridership by 1%. But in the last two years: we've seen ridership change regardless of fares. When Metro increased its fare in February 2008, its ridership continued to grow. It wasn't only high gas prices; it also was due to the development and integration of systems in the Puget Sound region. Transit ridership is about 40% in Seattle's Central Business District and very good in downtown Bellevue.

Increased market share for transit is possible. Downtown Seattle property owners don't want to build more parking. Seattle intends to increase non-SOV market share by 6% by 2015. Also, transit can probably do much more in Bellevue, when light rail comes on board. Transit service has to grow much more than highway system to accommodate regional growth.

Sales tax provides 71% of Metro's operating budget. With the sales tax revenue decrease, it is responding with:

- Fare increases. Base fare is now \$2;
- Defer capital expenditures;
- Spending down reserves;
- Deferring **Transit Now levy** investments;
- Nine percent service reduction in 2010-11; possibly up to 23% by 2015;

Funding remains a major problem. New local funding authority to increase license plate tabs was vetoed; the new property tax authority provides **only** King County up to 7.5

cents per thousand assessed value. Metro will buy (about 40) buses to serve projected SR 520 demand only if property tax authority for transit is enacted.

Action/ Follow-up Items: *Commission staff asked that WSTA and Metro Transit keep the Commission informed of any revenue proposals to the 2010 Legislature.*

To view this presentation please click on the links:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP12_TransitSystemsRevenueLoss.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP12a_KingCoMetroBudgetRpt.pdf

TODAY'S ECONOMIC TRENDS AND THE RAILROADS

John Gray, Senior Vice President, Association of American Railroads, reported that rail traffic is down 18-19% for the year, but railroads have been able to reduce costs to prevent losses. Railroads are still making infrastructure investments -- \$8.8 billion in 2009, the third highest year in history.

Climate change policy will hit rail hard. Although rail will benefit from some shifts from truck to rail, coal haul constitutes about 25% of rail business in US.

Action/ Follow-up Items: None.

To view this presentation please click on the link:

http://wstc.wa.gov/AgendasMinutes/agendas/2009/Oct20/20091020_BP13_Railroads2009.pdf

SR 908 ROUTE JURISDICTION TRANSFER

The Commission approved a route jurisdiction transfer request to transfer SR 908 to the jurisdiction of the cities of Redmond and Kirkland. The Commission will forward this recommendation to the Legislature along with legislation.

It was moved by Commissioner Parker and seconded by Commissioner Forner to approve the transfer of State Route 908 to the jurisdiction of the cities of Redmond and Kirkland. The motion passed unanimously.

TRANSPORTATION COMMISSION BUSINESS

The Commission discussed its 2010 Meeting Schedule, and placed a proposal on the Agenda for adoption at the November meeting.

Action Items:

- *The Commission named the I-405 and 116th Street Bridge for Kollin Nielsen, a construction engineer who was killed near that site by a drunk driver.*
- *The Commission named the new 64-car ferry Chetzemoka.*
- *The Commission approved a route jurisdiction transfer request to transfer SR 908 to the jurisdiction of the cities of Redmond and Kirkland. The Commission will forward this recommendation to the Legislature along with legislation.*

- *The Commission adopted the proposed outline for its 2009 Annual Report.*

It was moved by Commissioner Parker and seconded by Commissioner Forner to adopt the proposed outline for the 2009 Annual Report. The motion passed unanimously.

The Commission meeting adjourned at 5 p.m., on October 21, 2009.

If you would like additional detail on what occurred at any Commission meeting in Olympia, please refer to our web site at www.wstc.wa.gov and click on the link titled "Meeting Audio on TVW" under the 2009 Olympia Meetings section of the home page. There you will be able to access the full audio recording of the meeting. If you have questions please contact our office at 360-705-7070.

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DATE OF APPROVAL